

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RM - 8448

In the Matter of)
)
Petition for Rulemaking to Amend)
Part 32 of the Commission's Rules,)
Uniform System of Accounts for)
Class A and Class B Telephone)
Companies to Increase the Dollar)
Limit for Expensing the Cost of)
Individual Items of Equipment)

COMMENTS OF BELL ATLANTIC¹

Bell Atlantic supports USTA's Petition to permit exchange carriers to change the expense limit from \$500 to \$2000 for certain individual items of equipment that must now be capitalized.² For price cap carriers, such as Bell Atlantic, this change will have no effect on the prices of regulated services.

Bell Atlantic also agrees with USTA that the Commission should permit exchange carriers to amortize their embedded base of equipment costing less than \$2000 over a flexible period of time not to exceed five years. Such flexibility will allow each carriers to take into account the specific remaining life of its applicable equipment and its own particular financial condition.

For example, to reduce administrative costs and achieve greater efficiencies, Bell Atlantic would intend, if permitted, to

¹ The Bell Atlantic Telephone Companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

² Petition for Rulemaking of the United States Telephone Association ("USTA Petition") (filed March 1, 1994).

include the embedded base of \$500 to \$2000 equipment in the same account as the embedded base of \$200 to \$500 limit, which is currently being amortized, and amortize both over the remaining period of the embedded \$200 to \$500 plant, i.e., three years.³

As USTA points out, the Commission raised the expense limit several times between 1974 and 1987, based on its perception that the interests of the carriers and ratepayers were best served by the change.⁴ The same justification requires similar action now. Expensing more equipment will allow carriers to react more quickly to rapidly-increasing changes in technology. This is particularly critical for price cap carriers that are faced with the requirement for continuing productivity gains. For all carriers, constant technological upgrading is needed to meet the ever-increasing competitive challenges at all levels of the telecommunications business.

³ See Amendment of Part 31, Uniform System of Accounts for Class A and Class B Telephone Companies as it Relates to the Treatment of Certain Individual Items of Furniture and Equipment Costing \$500 or Less, CC Docket No. 87-135, 53 Fed. Reg. 30058 (1988).

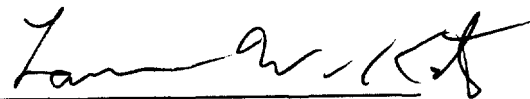
⁴ See USTA Petition at 2 and n.1.

Accordingly, the Commission should again revisit the expense limit by granting USTA's petition and initiating an immediate rulemaking to increase the expense limit to \$2000.

Respectfully submitted,

**The Bell Atlantic Telephone
Companies**

By Their Attorney



Lawrence W. Katz

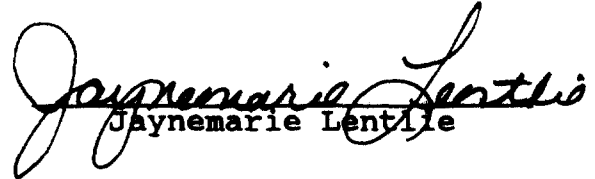
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April 22, 1994

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Comments of Bell Atlantic" was served this 22nd day of April, 1994, by first class mail, postage prepaid, on the parties on the attached list.


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